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PP RUEHDBU
DE RUEHKV #2813/01 3171358
ZNY CCCCC ZZH
P 131358Z NOV 07
FM AMEMBASSY KYIV
TO RUEHC/SECSTATE WASHDC PRIORITY 4309
INFO RUEHZG/NATO EU COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHDC

C O N F I D E N T I A L SECTION 01 OF 05 KYIV 002813

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E.O. 12958: DECL: 11/13/2017
TAGS: [PGOV](#) [PREL](#) [PINR](#) [UP](#)
SUBJECT: UKRAINE: KYIV MAYOR ONCE AGAIN UNDER THE SPOTLIGHT

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Classified By: Political Counselor Kent Logsdon for reasons 1.4(b,d).

11. (C) Summary. Many consider the Mayor of Kyiv to be the fourth most powerful political post in the country, after the President, PM, and Speaker of the Parliament. Both the Yuliya Tymoshenko (BYuT) Bloc and Our Ukraine-People's Self-Defense (OU-PSD) made the dismissal of Kyiv mayor Leonid Chernovetskiy a key electoral promise in their September 30 pre-term election campaign in Ukraine's capital. Chernovetskiy has been an easy target for national-level politicians, given the land grab scandals, increased utility rates, and fist fights on the floor of the city council since Chernovetskiy took office in March 2006. Tymoshenko has been gunning for Chernovetskiy since fall 2006, when the mayor convinced a large number of her city council members to defect to his side. OU-PSD leader Yuriy Lutsenko has also openly discussed his desire to be mayor of Kyiv since the beginning of 2007 -- the two opposition leaders' interest in the post is one reason for the tension between them. The two have now made holding new mayoral elections in Kyiv part of the orange coalition agreement. However, a variety of factors, including legal barriers, a large number of contenders for the post, and Chernovetskiy's political wiles, make the outcome far from certain.

12. (C) Comment. Most politicians and analysts agree that the fixation on the Kyiv mayor's spot stems from the desire to run the capital ahead of the 2009/2010 presidential elections. People cite the money to be made, public exposure, and the party structure that would come from running Kyiv as a major step in becoming president. The post could also be a political reward for an ally, such as Tymoshenko wooing centrist Volodymyr Lytvyn into the orange coalition. Before her strong showing in the pre-term Rada elections, Tymoshenko was rumored herself to want to be mayor, but now it is more likely that she wants to control the city via a proxy. Lutsenko's focus on becoming mayor, however, could continue to complicate the relationship between the two orange leaders. Moreover, despite mounting discontent with Chernovetskiy's performance and increasing media speculation about his removal from the post, all talk about his imminent dismissal may fade unless Tymoshenko becomes Prime Minister and an orange coalition is formed; even then, removing the current mayor will be a long, thorny process. End summary and comment.

Chernovetskiy: An Unexpected Mayor

13. (C) Eccentric, rich, religious, and openly Protestant in heavily-orthodox Ukraine, Leonid Chernovetskiy won a surprising victory in Kyiv's March 2006 mayoral election thanks to his promise to enact sweeping reforms. He mustered

32 percent of total votes, leaving behind his major rivals -- retired world boxing champion Vitaliy Klychko, who won 24 percent of the vote, and then incumbent mayor Oleksandr Omelchenko, who got 21 percent. Chernovetskiy was campaigning long before the mayoral race officially started, using his affiliation as a member and major sponsor of Kyiv's Embassy of God Church to present himself as philanthropist. He distributed gift and food packages to pensioners from all Kyiv districts. The Ukrainian media reported that he also spent 1 million USD to provide food and temporary shelter to homeless and poor residents.

Installs His Own People, Consolidates Control Over Media

14. (SBU) Chernovetskiy's electoral rhetoric was a mix of pragmatic and populist pledges, promising to lower real estate prices through the transparent sale of Kyiv land and to use lie detector tests when hiring top local government officials. However, Chernovetskiy's tenure has been marked by nepotism and allegations of corruption. After his election, he appointed as his deputies two close cronies, Denys Bass and Iryna Kulchitska -- both of whom previously served as CEOs at Chernovetskiy-owned Pravex Bank. Chernovetskiy also helped his son Stepan, son-in-law Vyacheslav Suprunenko, and Vyacheslav's brother Oleksandr Suprunenko, get elected to the city council on the list of the Chernovetskiy bloc (not an uncommon practice in Ukraine where the President's brother and the PM's son are both Rada deputies on their respective party lists).

15. (SBU) Chernovetskiy undertook a sweeping personnel reshuffle in order to tighten control over city-owned mass media companies. On June 14, the Kyiv city council voted to merge all municipal mass media outlets into a new "Kyiv media-holding" corporation. The Kyiv authorities argued that this consolidation was a necessary step for better management of communal media resources, while the opposition claimed

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that Chernovetskiy and his political entourage were preparing for under-priced privatization of all municipally-owned media. The heads of TV channel "Kyiv" and four communal newspapers were replaced by individuals loyal to the Kyiv mayor and his principal media advisor Kazbek Bektursunov. Independent media NGO Telekrytyka argued that the new head of "Kyiv" TV network Dmytro Dzhanhirov could pose a danger to freedom of speech, because in 2004 he anchored the notorious program, "Prote," which smeared Yushchenko and Tymoshenko upon orders from the Kuchma administration. Shortly after his appointment, Dzhanhirov stopped the "Kyiv" channel's live broadcasts of city council sessions, arguing that they had a low popularity rating among viewers.

Tymoshenko Wants Chernovetskiy Out...

16. (SBU) Although many public and political figures have criticized Chernovetskiy's decisions at city hall, Tymoshenko has been at the forefront of efforts to actually unseat the mayor. Tymoshenko has been fixated on Kyiv politics since late 2006. Although she had the largest faction in the city council after the March 2006 election, the defection of 17 of her 41 deputies to Chernovetskiy's side in fall 2006, following Yanukovych's appointment as Prime Minister, caused BYuT to lose its city council majority. A faction led by Tymoshenko's political ally, Volodymyr Klychko, also lost six members to Chernovetskiy.

17. (C) In December 2006, BYuT Rada deputy Mykhaylo Volynets told us that events at the Kyiv municipal council were taking up so much of Tymoshenko's time that she was becoming "nervous and aggressive" and not paying enough attention to what was going on in the Rada. In a June 14 press conference, Tymoshenko underscored that those politicians who viewed with skepticism her ability to smash Chernovetskiy

should remember that just six months earlier they had doubted the possibility of the Rada's dissolution.

... And Goes on the Attack

¶8. (SBU) Tensions within the city government peaked back in late 2006, when Chernovetskiy's unpopular decision to triple utility tariffs for Kyiv households gave Tymoshenko the opportunity to promote her image as someone who cared about ordinary people. Throughout 2006-2007, Tymoshenko's and Klychko's factions pushed for more transparency in the financial reasoning behind higher tariffs. They continuously blocked the Kyiv city council rostrum and impeded plenary work.

¶9. (SBU) On December 7, 2006, two BYuT city council deputies, Viktor Boyko and Oleksandr Bryhynets, were hospitalized with concussions and spine injuries as a result of clashes in the council chamber between BYuT deputies and the pro-Chernovetskiy majority. Our Ukraine and BYuT claimed that their faction members were beaten up by Chernovetskiy's bodyguards, and in support of their accusations, showed video footage of members of Chernovetskiy's security detail, dressed in civilian clothing and wearing deputy badges, beating up deputies from the opposition. Chernovetskiy himself showed up to the Embassy's 2006 Christmas party with his hand bandaged after an opposition member reportedly bit him.

¶10. (SBU) During a December 13, 2006, press conference Tymoshenko explained that her faction had blocked city council sessions on December 7 and 12 to protest Chernovetskiy's attempt to distribute 300 hectares of land near Zhulyany airport (the small domestic airport) among his relatives and business partners. According to BYuT, a transparent sale of this land could mean to 800-900 million USD for the Kyiv budget. Tymoshenko also ridiculed Deputy City Council speaker Oles Dovhiy for his attempt to appropriate land plots on Zhukov island in Kyiv under the pretext of modernizing existing structures, accusing him of engaging in a shadow privatization of land.

Initial Attacks on Mayor Unsuccessful

¶11. (SBU) According to an opinion poll data from the reliable Democratic Initiatives Fund in December 2006, almost 78 percent of Kyiv residents supported Chernovetskiy's dismissal. In mid-December 2006, Tymoshenko announced that her bloc would try to dismiss Chernovetskiy via a referendum of no-confidence. Between December 2006 and February 2007, Tymoshenko's bloc, Klychko's bloc, the Kyiv headquarters of Our Ukraine, and the smaller Yabluko and the Reforms and Order parties made at least seven attempts to register

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initiative groups to collect signatures in support of their referendum. However, the Kyiv Municipal Administration refused to register all initiative groups, claiming that signatories provided incorrect passport and address information on the signature list and that submitted documents were not "trustworthy."

¶12. (SBU) Unable to tackle Chernovetskiy at the Kyiv city council, Tymoshenko used every opportunity to castigate him at other political venues, including in the Rada. In February 2007, BYuT members blocked the Rada's central electricity switchboard, demanding legislators examine Tymoshenko's bill on the reduction of household utility tariffs. After being forced to use candles and flashlights during afternoon plenary sessions, the ruling coalition finally gave in to Tymoshenko's demands and examined the legislation.

¶13. (SBU) The Tymoshenko-Chernovetskiy confrontation

continued through summer 2007. In mid-July, billboards carrying Chernovetskiy's photograph under the inscription "Chernovetskiy-mayor of all Kyivites" were mysteriously "corrected" overnight with a new inscription "Chernovetskiy - mayor of all Martians." Although there is no direct evidence, many suspected that the joke was born at Tymoshenko's headquarters. One month later, in the heat of the pre-term parliamentary election campaign, Tymoshenko claimed her bloc's billboards had been removed in several areas of Kyiv and suggested that the advertising company controlling the billboards had come under pressure from the Kyiv mayor. Although the company rejected Tymoshenko's allegations, it provided no reasons why recently-installed advertising was suddenly removed.

Lutsenko Also Wants to Be Mayor

¶14. (C) OU-PSD leader Lutsenko also has long been taken with the idea of bringing new leadership to Kyiv. He spent half of a March 2007 meeting with the Ambassador outlining the reasons for removing Chernovetskiy. He said that ousting the Kyiv mayor would be a real show of power and would give him a position from which he could rally the youth and gather resources for future (unspecified) national elections. He also said Tymoshenko was worried that Lutsenko would win a new mayoral election, which was why she had toned down her attacks on Chernovetskiy since December 2006.

¶15. (C) Lutsenko made the issue of Chernovetskiy's ouster one of the key campaign promises of his bloc in Kyiv. In his advertisements Lutsenko not simply promised, but "guaranteed" that Kyiv would get a new mayor after the September 30 elections. Focused on mayor's post, Lutsenko included former Kyiv mayor Oleksandr Omelchenko, disliked and accused of corruption when he left office in March 2006, and who is supported by 20 percent of Kyiv residents, in his quota on the OU-PSD list, number 13 on the overall list. When asked in September why he would want to ally himself with someone with such a disreputable reputation, Lutsenko argued to the Ambassador that if pre-term mayoral elections are announced, Omelchenko would publicly campaign for Lutsenko, increasing his overall votes. According to on-line newsite Ukrainska Pravda, Lutsenko is also hoping that another OU MP, Mykola Martynenko, who is in the construction business, will finance Lutsenko's mayoral campaign.

¶16. (C) On October 16, Lutsenko told the Ambassador that Yushchenko had promised him earlier that day that he would split the elected post of Kyiv mayor and the appointed head of the Kyiv municipal administration (a presidential appointment on par with a governor), moving most of the real power into the appointed position; Lutsenko would then be named to run the municipal administration once the law making the change had been passed. Although not specifically required by law, traditionally one individual has served in both capacities. Lutsenko stated that whoever controls Kyiv controls central Ukraine, and OU-PSD really needed it to fight BYuT. (Embassy Note: Thus far, this has not come to pass. End Note.)

Shaky Legal Grounds for Pre-term Mayoral Elections

¶17. (C) Although this issue has been much-discussed, to successfully oust Chernovetskiy, BYuT and OU-PSD would most likely have to hold a Rada vote of no-confidence in the Kyiv city council and mayor. Article 78 of the law "on local self-government" says that the Rada can terminate the powers of the Kyiv mayor if he violates the constitution or citizens' rights and freedoms, or does not fulfill his duties. Prior to the vote, the relevant parliamentary

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committee would be required to present its legal opinion on the mayor's performance to the Rada. However, the law says

that the Rada can only examine the possibility of ousting the mayor when the mayor's wrongdoings are brought to the Rada's attention by a majority of city council members, meaning that Tymoshenko and Lutsenko would first have to wrest control of the city council back from Chernovetskiy.

¶18. (C) Comment. Tymoshenko and Lutsenko probably hope that once there is an orange coalition in the Rada, city council members elected on Tymoshenko's list will change sides once again and break-up the pro-Chernovetskiy majority, giving them enough votes to request that the Rada dismiss Chernovetskiy. It is important to note that Chernovetskiy's supporters would not be able to appeal the Rada's decision to announce pre-term mayoral elections, because in 2000, the Constitutional Court of Ukraine already ruled that articles 78 and 79 of the local self-governance law, which provides the basis for pre-term mayoral and city council elections, fully corresponded to the constitution. A second option would be that if they cannot wrest the majority away from Chernovetskiy they could first call new city council elections in hopes of winning a new majority, then move against the mayor. One of the 12 laws outlined in the orange coalition agreement is a new law on early elections for the Kyiv city council and mayor.

Other Possible Obstacles to Chernovetskiy's Dismissal

¶19. (C) The current pro-Chernovetskiy majority is not the only impediment to the mayor's dismissal; disunity and corruption within Tymoshenko's and Our Ukraine's own ranks may be also hinder changing the Kyiv city government. For example, the October 1 Kyiv city council session received a lot of media attention after Chernovetskiy's bloc and Our Ukraine voted to sell large amounts of Kyiv land for 200 million USD. Independent real estate specialists estimated to the press that the value of the land plots was actually 10 billion USD. According to news reports, the land grab scandal involved Chernovetskiy's relatives and members of his bloc in the city council, as well as some prominent members of the Our Ukraine and BYuT. For example, the D.I.A. Development company, which received almost 2.5 hectares, is owned by OU-PSD deputies David Zhvaniya and Mykola Martynenko. Regions deputy Vasyl Horbal told Korrespondent magazine that KyivRybGosp company, which received 64.5 hectares of land, is controlled by oligarch Bohdan Hubskiy, number 27 on the BYuT list and rumored to be a possible candidate for Deputy Prime Minister in an orange government.

¶20. (C) In addition, Tymoshenko and Lutsenko are strongly divided over who should be in charge of Ukraine's capital. Regions MP Hanna Herman told poloff on October 26 that during the pre-term Rada elections campaign Tymoshenko kept alive Lutsenko's hope of being elected as Kyiv mayor, but that she had never seriously intended to give up Kyiv to Our Ukraine. Herman argued that politicians view Kyiv as a bridgehead to the presidency, which will be contested in 2009/2010. Given that BYuT won almost 46 percent of the Kyiv vote in the September 30 elections, Tymoshenko would not cede this advantage to OU-PSD. Some political analysts argue that in case she is not appointed Prime Minister, Tymoshenko may decide to run for Kyiv mayor, as it would give her good media exposure and financial resources. Oleksandr Turchynov and Iosyp Vinskiy have also been named as other possible candidates from BYuT.

¶21. (SBU) Other political observers have argued that Tymoshenko may be reluctant to support Lutsenko as mayor, because she wants to offer the post to the Lytvyn Bloc in exchange for support for the slim 228-member orange majority in the Rada. At least two politicians in Lytvyn's entourage, Viktor Pylypyshyn and Anatoliy Kovalenko, have experience in the Kyiv municipal government and are considered to be likely candidates for a future mayoral race.

¶22. (C) Finally, Chernovetskiy's own political resilience and shrewdness could save him. He has developed good relations with city council deputies who have ties to the national

Party of Regions -- Ihor Bohatyrev, son of Rada faction leader Raisa Bohatyreva, and Oleksandr Rybak, son of Volodymyr Rybak, Vice Prime Minister for Construction and Architecture. In addition, Chernovetskiy's deputy at the Kyiv municipal council is 26-year old Oles Dovhiy, son of former Our Ukraine MP Stanislav Dovhiy, who actively sponsored Yushchenko in the 2004 presidential elections.

¶23. (SBU) Aware of Tymoshenko and Lutsenko's intentions to oust him, Chernovetskiy has recently started a campaign to improve his image. Billboard advertisements were installed

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throughout Kyiv recently to inform Kyiv residents about all the achievements of the Chernovetskiy administration, noting for example the lower price of bread in Kyiv compared to other cities. On October 10, acting President of "Kyiv" TV channel Dzhanirov announced that at Oles Dovhiy's request, the channel would resume live broadcasts of city council sessions. Finally, Chernovetskiy is taking his time in signing the October 1 decision authorizing the latest land sale. This allows him to avoid criticism from the opposition and keep all Kyiv council members who bought this land on a short lease. As long as they need Chernovetskiy's signature on the land sale documents to make their money, they will not depart from the pro-Chernovetskiy majority.

¶24. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kiev.
Taylor